

BUDGET REVIEW COMMITTEE

JUNE 2, 2016

A meeting of the Budget Review Committee was held Thursday, June 2, 2016, at 7:00 p.m. in the Aldermanic Chamber.

Alderman Richard A. Dowd, Chair, presided.

Members of Committee present: Alderman-at-Large Lori Wilshire, Vice Chair
Alderman-at-Large Brian S. McCarthy
Alderman-at-Large Michael B. O'Brien
Alderman Sean M. McGuinness
Alderman Ken Siegel

Members not in Attendance: Alderman David Schoneman

PUBLIC COMMENT

Mr. Bob Sherman, 7C Taggart Drive, President, Teacher's Union

I wanted to give you some background information because I know that you are going to consider the school budget. The state average for the 2015/2016 school year for a teacher's salary is \$56,616 in the State of New Hampshire. I wanted to let you know that Nashua's average teacher's salary is \$59,267 and that is only \$2,651 above that state average. There are 53 districts that are above Nashua in this state. The reason why I point that out is because in the 1990's Nashua had the highest teacher pay schedule in the State of New Hampshire which we no longer have and are now down in the middle of the pack. As of today, I saw the posting and we have 118 vacancies here that will need to be filled and that doesn't include the ones that have already been filled for the next school year. Given the current pay scale, new teachers will take 15 years to be at the top step and that's only if there are no step freezes over the next 15 years. In the superintendents proposed budget he had put in only \$814,000 for salary increases that are supposed to cover administrative, teacher, para-educator, secretarial and custodial personnel in the school system. That amount does not allow for the current teachers to advance a step on the current schedule and leaves some 40% of the teaching staff that are at the top of the pay scale with no pay raise and the pay salary increases also has to cover those already approved contracts. It's my fear that Nashua will become only a training ground for new teachers to learn the profession who will then move on to better paying districts that require a shorter amount of time to reach the top pay scales. I hope you keep that in mind. It is my objective to have a pay scale that will attract the best and the brightest teachers. The kids are coming out of college with huge debts and we are starting at a little above \$35,000.

COMMUNICATIONS – None

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PUBLIC LIBRARY

Hunt Building

Ms. Amy Deroche, Administrator, Hunt Memorial Building

Basically when we looked at the budget for the upcoming year because of certain things like having more events at the building, which is a positive thing and having more offices rented, we were able to cover a lot more of the expenses that we see for next year so you will see that.

Ms. Cail Belavance, Chair, Board of Trustees, Hunt Memorial Building

I'd like to add that I think this is the first year since the renovation in 2012 that the building is paying for its own expenses and that's been the major goal through private functions and through offices. We have five offices available for rent and four of those are rented at the moment and the last one is just having some repairs and then that one will be ready to go on the market. Our private rentals have increased dramatically; this calendar year we are already on track to have over sixty private rentals and we had eighteen the previous year. We have our new old doors that have been restored and put back in place and we are very proud of that. We have a nice nest egg in our trust fund and we are hoping to build on that. I think the only thing we don't cover right now is the salary of our administrator so we are in good shape.

Alderman McCarthy

I think you are doing a great job and the building looks great. I've heard some concerns from people about the way that we rent it in terms of for example, not being able to rent it out for an afternoon event and then for an evening event on the same day and it seems to me like that is a revenue opportunity that we should make sure we have.

Ms. Belavance

The problem with that so far has been cleaning. We have taken that into consideration with some city events where people just need a conference room and there's not going to be a lot of need for the cleaning but it is something we are working on. We are also working on public hours. The building hasn't been available except for Christmas when we had the Festival of Trees. We are working on having it open at least once a month so everyone can come in and see the work we have done.

Public Library

Ms. Jennifer McCormack, Director, Nashua Public Library

The budget that we presented to you came in under the recommendations set by the Mayor. It maintains our current hours including the same number of Sunday's in the coming fiscal year; 34. We are going to accomplish that and still fund the 2.25% increase that we negotiated with our staff fairly painlessly. We did leave a page position unfilled and that's about \$10,000. There were several positions that were filled during the year that we were able to pay a lower salary. Some other very minor changes on the operating side was that we reduced the buildings and grounds budget by \$4,000 or \$5,000 so if there is a need for more money in there we will have to look to our fines account to pay for that. We did decrease our periodicals budget and that's just a reduction in the number of print periodicals just due to customer demand, we do offer digital magazines so that's just another shift from physical to digital materials that we are seeing. We increased the programming line by \$2,000 for this year and that's due to both an increase in the number of teen programs that we are offering. We had a very successful early childhood fair this year and that's a revival of an annual fair that used to happen in this city and we sort of adopted it and I would like to continue that. We had private funding for that but I've included the funding for that in our regular programming budget. Our computer equipment budget also increased a little bit, we are working on a new model for our public computing and

replacing as they die our desktop stations with laptops that customers can borrow and use in-house and access our Wi-Fi. Those are the major and minor changes.

Alderman Siegel

You guys are doing a great job. How is the microfilm archival project going?

Ms. McCormack

We have finished the first three years of the digitization project. There is a link on our website.

Alderman Siegel

I noticed in the revenue that you don't have the fines, how are we doing on that?

Ms. McCormack

That's a good question. For a couple of years our fine revenue was decreasing because the biggest fines that we collect are on DVD's and they are going out less and less. We collect about \$1,000 per week in overdue fines and we are using in the next few weeks; the children's room is being re-carpeted and we are installing a New Hampshire service desk so about \$40,000 of the \$50,000 in fines that we collected in the last year is being reinvested in the children's room.

Alderman O'Brien

You said earlier that you didn't have a couple of positions filled so they were able to be funded for the end of this year, is that correct?

Ms. McCormack

No, there were some vacancies that we filled at a lower cost is what I meant to say. Our IT Coordinator and our Team Librarian; we filled those in the last fiscal year at a lower salary than the previous person.

Alderman O'Brien

So are we at a good staffing level right now for the library?

Ms. McCormack

We are down by one staff person.

Mr. Arthur Barrett, Chairman of the Library Board of Trustees, was also in attendance.

EDUCATION

School Department

Mr. Mark Conrad, Superintendent, Nashua School District

As you know we have a very tight budget. Our budget currently stands in the area of 2.7%. The Board of Education has made some adjustments and many of their adjustments are around concerns about assuring students are reading on grade level, addressing technology needs, adding summer classrooms for pre-K struggling readers, adding a second substance abuse counselor at the high school; the budget I presented had one counselor between the two high schools. I would note that the budget that I provided to the Board

was pretty lean and it did address additional resources principally in three areas; special education, we have a need for additional teacher and sign language interpreter for students who are deaf and hard of hearing as they age up into the middle level. We have a need for a preschool classroom for disabled children. We have a legal obligation to our students when they turn age 3 and in fact, our class sizes were going so high with the number of students being identified and they are identified to us, that we had to establish a new classroom mid-year to handle the large class sizes. We did add a substance abuse counselor to be split between the two high schools and that is what the Board was augmenting and that reflects the concerns about opioid and other results that we are seeing from our youth risk behavior surveys. I think we are faced with some increasing costs that are simply reflecting increasing costs for existing levels of service in areas such as transportation.

Mr. Daniel Donovan, Chief Operating Officer Nashua School District

The transportation cost has a 5% increase in the contract and that's about \$260,000 of it. We did add one special education bus. Some of these students have rides of over an hour. The out-of-district cost is up \$115,000 from last year; \$70,000 of that was...last year we took \$70,000 and put it in a special revenue fund and that fund can no longer handle that so basically we just moved that back into the budget and then there is an increase on top of that of about \$45,000. The other large item is the out-of-district tuition. We have a special revenue fund that we've been using; we haven't increased the out-of-district tuition in the operating budget for the last three years. We've been using this tuition that we get from students, mostly special education students that attend our schools. That special revenue fund was really starting to shrink so we can no longer charge the overflow to there so we had to increase the out-of-district tuition line item by \$300,000. Those are probably the two largest areas of increase.

Mr. Conrad

I would make note one more thing. Two years ago I did an exercise with our principals for the budget. I said what are your priorities? I broke them into six groups and said come up with one or two additional positions that you want in the budget and if you want those positions, what would you cut? They all came up with additional positions and said here is what we would cut. Those positions were either social workers or substance abuse counselors. They were not teachers and not enrichment programs. This reflects the changing demographics of our city; it reflects what I am viewing locally as almost a complete breakdown in mental health services, a substance abuse crisis; which quite frankly within our schools is impacting our students as much from family members being addicted as from our students themselves. When we repeated that exercise this year it was the same thing. The two full-time positions our Board added into the budget was an additional substance abuse counselor and a social worker for our high school. This reflects the strains that are in our classrooms and that the children are not ready to learn because of the strains at home. If you look at the greatest area of additional resources in our budget this year, it isn't special education and that reflects several things. It reflects the fact that we have legal mandates that we are obligated to fulfill in serving students with disabilities. The preschool services that we provide, they come to us already identified and we are legally obligated to serve those students and they are the most vulnerable children in our community. We have an increasing number of students who have full-time nurses in the classroom. These are costs that are not easily controllable as your needs grow. There was not a lot of debate from the Board in the additional positions that we put in for the preschool classroom or the program for students who are deaf and hard of hearing because the alternative would have been an increase in out-of-district placements.

Mr. George Farrington, Vice Chair, Board of Education

You've been provided with a lot of the numbers but one point is I don't want anyone to assume that just because we were able to get through the end of the year without laying off teachers that this budget is fine. We have about 90 to 100 vacancies right now.

Mr. Conrad

We have determined that if it becomes necessary to cut teachers we have openings but that still leaves the consequences behind in terms of large class sizes.

Mr. Farrington

And that's the point when we finally have to reconcile the budget there may be actually few teaching positions and there is a difference between people losing their job and reduced...and that comes through this this thing we go through every year where a number of teachers leave for one reason or another. The final impact on the number of the teachers that we have and the class sized and all of that is yet to be determined until we reconcile our budget. We would like to be exclusively about education but the situation is such that it is not possible for us. We have been working very hard to improve curriculum and we want to provide teachers with the support and provide teachers coaches to help them with delivery, especially at the elementary level where you teachers that are teaching in four different subject areas and they may have strengths in some areas but in other areas we would like to be able to provide them with some support. We are not satisfied with the results or the successes of our students; obviously we have some students who are very successful and go on to prestigious colleges but we have a number of students who are struggling at various levels. It's kind of a two-pronged thing, we've got kids who are in the middle school and high school that need support because they didn't have the kinds of experiences that they really needed to have. About ½ of our students in the middle school are proficient in math. We would like to have the resources to over time develop a situation where we have more and more children who leave third grade on reading and math level with a good foundation so there are fewer problems later on but at the same time we have children at the middle and high schools who need support.

Alderman Siegel

First of all, thank you Mr. Conrad and enjoy your last root canal. I am going to start on the revenue side. There is a 44607 tuition/vocation line and was that a donation that was made and is non-recurring for this year?

Mr. Donovan

That is something that we haven't been putting in the school budget but it is funds received from students attending our programs for the CTE. We were hoping that those funds could be put into a CTE reserve; I think there is some legislation around that.

Chairman Dowd

It just passed the budget last night.

Alderman Siegel

I am familiar with the legislation but it is interesting in that it doesn't show up as a line item in the budget even though it's certainly...like CTE isn't going away and I assume the revenue isn't going to go away. I was a little confused about why the line item would be there in 2017.

Mr. Donovan

Because in our revenue line items we never budgeted, it's basically something that the city has budgeted. Those revenues have come in and gone directly to the general fund in the city over the last few years.

Chairman Dowd

The legislation that just passed is going to the full Board to take the CTE revenues and put them in a special account so they can replace equipment from that fund.

Alderman Siegel

How much are we spending right now on pre-K education?

Mr. Conrad

We break out our program by special education costs so we would have to go back.

Alderman Siegel

This is just pre-K and not special education.

Mr. Conrad

Well, I would not that all of our pre-K classrooms in the district are for the purposes of special education.

Alderman Siegel

Okay, that's helpful.

Mr. Conrad

We will go back and break that out for you.

Alderman Siegel

One of the big gripes is something that you can't control. Every year I sit here and just lament the fact that again we've got cost pushed down to us and there is an entire industry out there which just loves the idea that there is no limit on what can be spent and they love to take advantage of that.

Mr. Conrad

I agree with cost being pushed down to the local level. Years ago when Congress funded the IDEA Grant it was authorized at 40% of special education costs and it's never gotten any higher than 18%. The point I would make with student's with disabilities is that we are not obligated to serve every preschooler with a disability, only those with more severe disabilities so there are students coming in that are non-verbal and have severe medical needs. These are 3-year olds and we do bring in some typically developed children so that we can mainstream them together but they actually pay a fee for the cost of that program and that fee goes into the special revenue fund. I would argue that one of the real issues for the State of New Hampshire is that New Hampshire puts less money into early intervention in children for preschool services than just about any state in the nation and that is a really foolish decision to make because you can save a lot of money down the road. We've had to expand that program. There is a high ratio of babies being born with autism and medical breakthroughs which make babies survive who might not have in the past.

Alderman Siegel

I know that in a way Nashua is a victim of its own success. Understandably, if you have a child with a special need you want to get the best care you can and we do a great job. At what percent are we being reimbursed

because I know that it's not an equal sharing? It would be nice if everyone contributed and we weren't unduly burdened because we do an excellent job. Am I wrong?

Mr. Conrad

There are a couple of ways that we are reimbursed. In the school funding formula there is an additional allocation you get for each special education student you have. There is also the IDEA fund which is typically no more than 14% or 15% of total funding so I am sure at the local level 80% of what we are spending is locally and not coming from the state.

Alderman Siegel

That would mean that we do an excellent job and we bare 80% of the burden for the excellent job we do.

Mr. Conrad

I want to make one other point; I think we have a very efficient system for special education although I would agree that we do an excellent job although I don't have any evidence that families are moving to Nashua specifically for our services, I wouldn't be surprised. One of the pieces of financial analysis we get every year through the Department of Education; they look at statewide expenditures for special education compared to total expenditures within the budget and if you look at the last two years we have been below the state average for the portion of our budget that goes to special services. The reason you see more resources going to special education reflects the fact that we have really held off until it's absolutely necessary to put a new program in place and this year we just happened to meet that requirement with the number of students we have.

Alderman Siegel

We have no control over that, we are mandated and it's not even worth discussing whether it's a good or bad thing. It's not up to me to judge either way but we have to do it.

Chairman Dowd

If a student moves into the district today we have to start picking up their special education requirements tomorrow, is that right?

Mr. Conrad

We do, we inherit their Individualized Education Program. We are also responsible for broadening special education services to some level to students in private schools and to a full level for students in charter schools; wherever that charter school may be located. Last year we added \$50,000 for special education in charter schools. The other point that I would make from the revenue side is the one bright point in recent years which is the fact that we have significantly increased our Medicaid billing.

Mr. Donovan

It went up by like \$300,000 or \$400,000 when we computerized our billing system. I believe we are expecting about \$1,650,000 this year.

Chairman Dowd

Also in the special education area, we spend a significant amount of money for outplacement of special education students, what is that amount of money now? Some of those schools are extremely expensive.

Years ago we started looking at bringing more and more of the special education into the district and bringing students from outside into those programs to offset or even make money. How much of that have we done?

Mr. Donovan

To answer your first question, the total cost last year and this year we are expecting to be \$4.3 million to \$4.4 million for the cost of sending our students to programs outside of the Nashua School District. We are lucky right now because there are only three of them and they are residential and there is significant paying \$180,000 to \$200,000 per year. Most of them are not residential so the cost ranges from \$40,000 to \$80,000.

Mr. Conrad

We do develop intensive needs programs over time and these are the programs that you see added from year to year. It wasn't long ago that any student who was deaf would be placed in an out-of-district placement. Our special education staff worked very hard to set up the program and form strong relationships with parents because they have to be convinced that we can meet the needs of their children. Over time the number of placements have increased in you consider Brentwood as part of that factor. Last year we took over the Brentwood Program which has grown from 12 to 18 students. Because of that, the number of students in out-of-districts placements apart from Brentwood have remained the same but we used to count those Brentwood students with in an out-of-district placement when we weren't the ones running it. Another significant factor is the change in the CHINS process. The state of New Hampshire is largely stepping away from responsibility for students who are a hazard in the community to their parents or to others. Some of those students that they would have placed in residential placement or day placement programs were special education students and the state would bear a significant portion of that cost. Because the state legislators cut the budget significantly under that process, they now in essence will not make that decision and then we wind up in due process proceedings leading to us needing to make that placement. It's not only the federal government passing down those costs but the state has been very aggressive in stepping away from responsibility for those costs in recent years.

Mr. Farrington

I would add that occasionally you will see us where we will add a teacher for the hearing impaired or someone like that so we can accommodate the needs of those students within the district and although it's expensive to add a teacher, it is less expensive than it would be to go to an out-of-district placement and it's better for the student and the family if the student stays in the district.

Chairman Dowd

At what age does the city stop having responsibility for the special education students?

Mr. Conrad

Our responsibility begins at age 3. Are we depending upon the severity of the disability and the success of the transition plan then we are responsible up to age 21. Again, there is increasing pressure on school systems to cover students through age 21 because parents start to panic as their children age out of our system because there is so little available in the community to support parents in maintaining their adult disabled children. I think the declining adequacy of state support for adult disabled people is one of the reasons for that. Parents push very hard through their legal rights to maintain those services because, and I would be the same thing as a parent as well, they don't know what to do because the waiting list for services is so long in the community.

Alderman Siegel

On page 180 there is the 51400 line of Wages/Temp/Seasonal; I see that there is a large increase there. There was an original budget of \$1,200 and the available budget was \$44,700 but the actual is above \$95,000

and I don't know what that is for. Then in 2017 we have that same \$1,200 in the budget, does that mean there is another \$90,000 plus that's about to hit us on the head?

Mr. Donovan

The Wages/Temp/Seasonal is...I'd have to double check on that but the summer help for plant operations and the summer help for the IT Department. Those amounts when they budget them they budget them in Wages/Part-Time but in Lawson they are linked to Wages/Temp/Seasonal. They are budgeted but just on a different line.

Alderman McCarthy

Does that mean if you look at the variance report you would see transfers from one of the other wage lines into Temp/Seasonal?

Mr. Donovan

I actually don't do a transfer in that; we could do it but I haven't done it because it's still within the 5100 series and when we do transfers we try to stay within the two digit code.

Alderman O'Brien

Can you look at the salaries right now that substitute teachers get, what are they getting per day and is it adequate insomuch as we are getting qualified people to come in with that position?

Mr. Donovan

Right now, this year, it's \$65.00 per day but we have increased that to \$68.00 for next year's budget.

Mr. Conrad

It's a cost of about \$40,000.

Mr. Donovan

I mean is that adequate? I guess you would have to ask the substitute teachers that question but other towns around ranges between \$66.00 and \$72.00 per day.

Mr. Conrad

We do have a real problem with substitutes and it's creating problems for our schools. I got a right-to-know request about substitute costs from a newspaper in Florida because they are starting to look nationally. We had a job fair just for substitutes in September. We were doing okay for a while but there are days where we can't cover every classroom. Under the Affordable Care Act, if you employee substitutes five days a week as we often did, over time they become eligible for health insurance so we have to make sure we are maintaining them on a part-time basis. We've had a deficit in that line of up to \$200,000 and it's not that the costs have been going up but we just haven't budgeted enough there so there's an initial \$50,000 in that account just to begin to fund it closer to what the actual costs are.

Alderman McCarthy

I want to make sure I understand the magnitude; you said the \$3.00 per day change results in about a \$40,000 budget impact which we indicate that we hire about 13,000 substitutes per year or about 75 per day?

Mr. Conrad

I would say that is accurate. There are other costs in the substitute line; you have substitutes for para-educators and other positions.

Mr. Donovan

The substitute line has two pieces, one is for \$65.00 per day and the other is when someone fills in for 3 to 5 weeks. For the first 20 days they get \$65.00 per day and after that they get a per diem which is probably 5 or 6 times what they would get. The cost of that is probably about 20% of that number.

Alderman McCarthy

Has that gone up or is the \$40,000 impact simply from the change in the substitute rate?

Mr. Conrad

That's just a change in the substitute rate. We did add additional funding into the account just to cover the fact that it's been in a deficit for the last 3 or 4 years.

Chairman Dowd

Just on the Affordable Care Act issue, if a substitute teacher comes in and they are covered by other insurance does that apply?

Mr. Donovan

You just have to offer them the insurance.

Chairman Dowd

So they can opt out?

Mr. Donovan

They can opt out but if they are paying for a significant plan then they can opt into our plan.

Chairman Dowd

If a husband or wife gets covered under their spouse's policy...

Mr. Conrad

I think the answer would be that we don't know because we don't ask that question, nor do we have any reason to ask that question. Many of them...it all depends...some of them may be young enough that they are still on their parents plan, some may have a spouse and some may not.

Chairman Dowd

So you stay away from hiring them for 5 days in a row?

Mr. Conrad

Yes, because we'd have to offer it to them. You can occasionally; there were some days this year where we knew we were going to be so short that we waived that rule.

Mr. Farrington

We have a new computerized system that started in September that manages it and we should have a lot better data to look at the end of this school year to make some of these determinations.

Alderman Siegel

This is a question about labor costs and the Department of Labor and their continuing quest to wreck businesses as we know it by increasing the threshold to 47.2 for exempt versus non-exempt. What does that mean to us, I am sure it's very bad?

Mr. Donovan

It's not horrible at the school district but it will affect a few people.

Mr. Conrad

It will affect some of our non-affiliated; like some of our technology staff and I think a few secretaries. I think it will come down to just saying that you can't work overtime and that takes place on December 1st.

Mr. Donovan

It went up to 47 but it was going to be about 44 and 47 helps us.

Alderman O'Brien

You said you put in \$50,000 because of a special needs student that's in the charter school system.

Mr. Conrad

Last year we did that and we carried it over; actually no it was this year and we carried it over to next year.

Alderman O'Brien

Do we supply the charter schools out of your budget too?

Mr. Conrad

Yes, there are two areas that we provide services to charter schools, special education and we have to provide that service regardless as to where the school is located if they are a Nashua resident. We also have to provide transportation and in that case it's limited to Nashua students who are attending Nashua charter schools so you have ASD and the Mirco Society School. Between the two we probably have seven bus routes and it has strained our resources.

Chairman Dowd

When we did the contract for the bus services, there was a stipulation in there that if gas prices went up then the cost went up. Since gas prices went down do we get a break?

Mr. Donovan

No we don't but we did ask that question. The bus company's fear is costs going way up so they buy things in advance so they are not actually saving as much as you would expect.

Alderman Siegel

On page 180, the 51300 – Overtime line; again looking at the available 2016 budget versus actual, there's a very significant difference in the order of \$124,000 and then going forward into 2017 it looks like we've carried that over to the point where that becomes our new overtime number. That's a big spike. What's that about?

Mr. Donovan

The difference there is there another account – Additional Hours – 51650. The plant operations director budgeted his overtime into the additional hours line but the actual cost goes to the overtime regular line. It flips between those two.

Alderman Siegel

It looks like what I am seeing is the actual decrease in the additional hour's line and so it's really just moving it between the two separate accounts.

Mr. Donovan

Exactly, we did put more in the overtime account and I think that amount from plant operations is about \$180,000 and it's just a flip.

Alderman Siegel

On page 181 a couple of numbers stuck out at me regarding the Property Services, in particular some of our maintenance line items here. I am concerned about the low numbers that we have for building and grounds maintenance and equipment repairs and maintenance. Considering the number of buildings that we have and the value of the capital of those buildings those are really out of balance.

Mr. Donovan

We have not increased that; it was cut about 7 years ago.

Mr. Conrad

Five or six years we increased it by \$50,000.

Mr. Donovan

Due to the difficulty in the budget the past few years we haven't been able to increase that. That is the amount that they manage with. It's not enough to keep up with all of the maintenance.

Chairman Dowd

Mr. Conrad, years ago you and I looked at an analysis of what we should be putting aside on a yearly basis for the infrastructure for deferred maintenance, do you remember what that number was?

Mr. Conrad

We had a meeting with the Board of Aldermen a number of years ago just to look at the high schools and it was a staggering number but we said reasonably you should be putting \$600,000 to \$700,000 per year into deferred maintenance and I think the budget this year is \$100,000.

Mr. Donovan

It's \$200,000; it's \$100,000 this year but it's \$200,000 next year.

Mr. Conrad

So you are about 1/3 of where you should be. To some extent the city has addressed some of that in your willingness to bond some of the items. Realistically, some of the roofing replacements from a year or two ago that went under the bond, I think would have been picked up through there.

Chairman Dowd

Every time we go to do HVAC project we run into several of the maintenance issues that hadn't been done because we don't have the funds so it's a pay me now/pay me later and recently it's been favorable to some degree, if bonding is ever favorable, but the bond rates are really low right now. A lot of that would have been eliminated if the required maintenance that should be on-going was done on a regular basis and it hasn't for a number of years. You have 18 buildings to maintain.

Mr. Farrington

You have no argument from us. I think it's a thing that's evolved over time, just like the reduction in the CTE resources. All of these things have been reduced year over year as we have tried to preserve the educational component that we are trying to do. Given the constraints that we are working in it falls down on the list of priorities.

Chairman Dowd

About 15 years ago Shawn Smith and I looked at all of the boiler rooms and HVAC's in all of the schools and it wasn't until the past 2 or 3 years have we been able to upgrade them.

Mr. Farrington

We are addressing some of these things and we are going into our Capital Reserve Fund, that money had been sitting there and our observation was rather than let it continue to sit we would put it to work on some of these smaller but pressing needs.

Chairman Dowd

That legislation passed the budget hearing last Tuesday and it comes before the full Board of Aldermen on June 14th.

Mr. Farrington

Excellent.

Alderman McCarthy

The normal thinking on that is you ought to sink about 3% of the value of the capitalized that's on a year basis and given that our schools probably have a net value of somewhere north of \$250 million that would come to

about \$7.5 million on a yearly basis. Amazingly the bond principle payments for the school are at about \$8.2 million a year. The bad part of that is that there is another \$3 million that's listed under interest that wouldn't be there if we were using it on an annual basis.

Mr. Farrington

It's just being able to make that transition to get there.

Alderman Siegel

I agree partially with my colleague, Alderman McCarthy in that it would certainly be more effective if we dealt with the maintenance but several of those bond issues go beyond that. We had a significant amount of money put into redoing the frontage on the schools for security purposes which really has nothing to do with maintenance. We are in this cycle of break it and bond it as our solution so I guess the philosophical question that I would ask is with road maintenance you get to a point where you never want to get to a point where the road is degraded below a certain level because then it goes from "X" to "10 X", it doesn't take a linear increase. Is this a similar type of model where if we put a certain amount of money in then we could avoid the "10 X" affect?

Alderman McCarthy

My personal opinion is that we are actually getting ahead of it and we may be able to make that transition. When we started doing the current rounds of school renovations and I will leave out Elm Street and the original Birch Hill and Main Dunstable because those were light makeovers but the stuff we had done before there was catching up stuff that had not been maintained for in some cases, 40 years plus to current and reasonable values. The south high school, for example, had no value left when we renovated it. We saved two walls and a small piece of the roof but the foundation and structural steel were replaced. We are actually at a point now where the high schools at least still retain a substantial amount of their original value and are in very good condition, likewise like some of the other elementary schools that we've done. I think we can get there in another decade where we are maintaining those out of what is currently the debt service payments and using that to get ahead of today rather than ahead of forty years ago.

Mr. Conrad

I agree with Alderman McCarthy. My concern 10 years ago was that we were going to lose heating systems in the dead of winter in 2 or 3 of our schools and those have been addressed. I think the real looming issue is going to be your high schools. You can pave around a piece of Ledge Street that will cost \$80,000 or \$90,000 and if you want to pave the high school you are talking \$8 or \$9 million. As your high schools approach 20 or 25 years old you are going to see huge costs to try to address those issues and that's where...Every year the debt service declines for the school district and what the city should be doing is taking that decline and putting it into the school capital reserve and instead it's used to absorb budget increases in other areas or recognizing that there are other needs in the city. I think there needs to be a long-term plan for that. The high schools together are a third of our total square footage and they will start to fail at the same time because they were built within 2 years of each other.

Alderman McCarthy

I would absolutely agree with that and the paving is the closest in the mirror. With regard to the debt service we have actually kept it up since the high schools were built and I think it's a little higher than it was because of the other projects that have been done.

Alderman Siegel

While I agree with your sentiment and that would be an intelligent way to do things and eventually the school construction bonds are eventually going to fall off of the table to be replaced by all of the maintenance that we have to do. As a practical matter that's not what we do. We do not swap out debt service for an appropriate fund to deal with our maintenance issues and I doubt we will see that happen. We have a \$2 million bullet that is going to hit us in the head in the next two years and that's a problem. I'm glad we are getting ahead but I hope some of the more egregious problems, especially at Mt. Pleasant because we don't want people getting sick. I just wonder, we did all of this extra work but now slowly they become out of maintenance because we will not be setting that money aside and we are not going to swap the bond debt for an appropriately funded deferred maintenance fund. There might even be cap implications with that because of the ludacris gymnastics that we have to play when we do bonded capital improvements versus just setting aside regularly budgeted funded money.

Alderman McCarthy

I think it's possible to manage that in the number that is in the budget now for debt service or something a little above it. The only big thing we have looming is the public works garage and we will start erasing debt faster than we put it in place within a couple years since the Broad Street Parkway bonds are done. I believe that taking the same debt service and capital improvements number that's in this years' budget in several years out we could be putting that into a reserve fund without an impact on that portion of the budget over and above what it takes now. I think we have the ability but I agree it's whether or not we have the will to do that.

Alderman Siegel

I would argue that there are probably other things that we are going to be bonded that are big too, wastewater treatment expansion, for example. Common Core has been a big issue and I know that there is a lot of teaching material that has to be acquired for that. It wasn't clear where in the budget that is.

Mr. Conrad

I remember 15 years ago we replaced our math program with Everyday Math and we bought the Scott Forsman program for English/Language Arts and each of those cost \$1 million. We have not invested much over the years in infrastructure for curriculum materials and many districts, including Nashua really held off purchasing materials anticipating that the Common Core would require those materials. Text books have come down in price because textbook manufacturers are now creating textbooks to one standard and they all have electronic companions with them now. We went to an Authentic Literacy Program 3 years ago at the elementary level and it's going to cost us \$65,000 per grade level and we budgeted one grade level per year so we have another year left on that. When you compare that to \$1 million to Scott Forsman it's not bad. We budgeted math texts next year K-5 for about \$250,000. We went with the Eureka Math Program to replace Everyday Math as the primary resource. I make that point because I think people have this view point that the Common Core has driven up costs and if anything we are spending far less money in curriculum than we did 15 years ago. We do need to be spending more money in curriculum generally speaking and technology based curriculum and continue to grow classroom libraries and our Authentic Literacy Program really should come up to the middle school level.

Mr. Donovan

You will find that most of the increase is in the 61875 line on page 182; books. That's where the math books and other curriculum materials are.

Alderman Siegel

On 183, the 71800; Furniture and Fixtures line, is this across the entire district, \$34,000?

Mr. Donovan

Yes. To be honest with you the furniture that we have at the elementary schools are in reasonably good shape. It lasts a long time and is pretty well built. Where we have had the biggest problem with furniture is at the high school. That's where we have had problems with desks and chairs breaking. Maybe it is the size of the children or they are a little more active. This year we got some donations and we bought about \$13,000 worth of chairs at the north high school. We are in more straits with the maintenance than we are with the furniture.

Alderman Siegel

What kind of effort is being made to solicit external contributions to partner...how successful are we in making that happen?

Mr. Conrad

Just last week we had a rededication of our planetarium and that was an \$80,000 upgrade at no cost to the district or the local taxpayers. \$72,000 of that upgrade came from SkyScan which is a local company that is a world class company in building planetariums. We worked through a contract with them so we are providing them with consultation and the development of education materials which they will use in marketing their programs across the country and in return they upgraded the planetarium with new projectors and software and the Nashua Education Foundation came in and spent over \$7,000 to put the chairs in place. Two years ago we partnered with Barnes & Noble so that they were able to raise about \$40,000 for us towards our Authentic Literacy Program. We were able to do a double grade level because of what Barnes & Noble and their patrons were able to donate to the district. At Elm Street, through a significant partnership with Fidelity, where they bring in over 150 volunteers a summer and they have repainted portions of the school and last summer they built a greenhouse so that students can engage in hands on science growing gardens and it was featured on Chronicle Magazine. They are taking the food they are raising and giving it back to families in the school district that need the food. We get a lot of small donations too; last night the Board of Education approved a donation from Kinder-Morgan for instructional text materials placed into the Amherst Street Library. This was a brain child of Bob Hallowell and the union has supported it together with our Board. DonorsChoose.org is a website where teachers all across the country can put up projects typically no more than \$1,500 and people can donate and when they donate enough money to fund the project then DonorsChoose.org send whatever they have requested to that teacher. They have a matching program which our Board partnered with the union on and so for \$25,000; it means if someone gives \$1.00 to a Nashua project, our \$25,000 will match it so it encourages private donations. I really want to credit our teachers because they take the initiative to go out and create the grant request and put it on the web and send it to the Education Foundation. BAE has always been a supporter of FIRST and there are a lot of ways that there are partnerships. The Chamber supports the Nashua Goes Back to School event. The soup kitchen brings in 1,000 backpacks or more for families that can't afford backpacks and the school supplies that come with it.

Mr. Farrington

Often times they are small contributions but it all helps.

Alderman Siegel

PMA is raising \$1 million and I'm not saying that we have that ability but it's fairly amazing that they can get at least a level of enthusiasm and I'm hoping we can do the same thing. I give my Aldermen salary to you guys.

Mr. Conrad

A lot of the money that PMA raises is from the parents and I'd like to point out that we have active PTO's in our district that raise quite a bit of money. The money does add up over time.

Alderman Siegel

I did start the PTO Benefit Fund which I shut down because it turns out it was a very inefficient means of coordinating that type of activity and I appreciate the work they do but that was not their strong suit.

Mr. Conrad

We allow each PTO to fundraise for their own particular needs for their own school.

Alderman Wilshire

I'd like to thank Mr. Conrad for the hard work that he has put into the city. The budget shortfalls in deferred maintenance, strapped for money in curriculum but you always seem to make it work and I appreciate that and we will miss you. What we are fighting against here is the spending cap and the pension costs that are being pushed down on us.

Chairman Dowd

I echo that as I have worked with you for a number of years.

Alderman O'Brien

I too would like to express my best wishes to you.

Alderman McCarthy

I will echo the same thing and we've spent a lot of time together building the two high schools and was glad to have you then.

Alderman Siegel

I appreciate your time and willingness to answer the tough questions and I hope your future is bright.

UNFINISHED BUSINESS – None

NEW BUSINESS - None

TABLED IN COMMITTEE

R-16-029

Endorser: Mayor Jim Donchess

ESTABLISHING AN EXPENDABLE TRUST FUND FOR RIVERWALK WALKWAYS, BRIDGES AND RELATED IMPROVEMENTS AND APPROPRIATING AT LEAST \$500,000 INTO THE EXPENDABLE TRUST FUND

- Tabled 5/23/16

R-16-034

Endorser: Mayor Jim Donchess

RELATIVE TO THE ADOPTION OF THE FISCAL YEAR 2017 PROPOSED BUDGET FOR THE CITY OF NASHUA GENERAL, ENTERPRISE, AND SPECIAL REVENUE FUNDS

- Tabled pending Public Hearing – 5/16/16

GENERAL DISCUSSION - None

PUBLIC COMMENT - None

REMARKS BY THE ALDERMEN

POSSIBLE NON-PUBLIC SESSION

ADJOURNMENT

**MOTION BY ALDERMAN SIEGEL TO ADJOURN
MOTION CARRIED**

The meeting was declared closed at 8:28 p.m.

Alderman Sean M. McGuinness
Committee Clerk